

## MESSAGE FROM THE PRESIDENT



Chairman: Shozo Wakabayashi      President: Masamichi Irie

We would like to take this opportunity to express our sincere gratitude for the continued support from all our stakeholders.

Japan Earthquake Reinsurance Co., Ltd. (JER) was founded in 1966 as the only company in Japan permitted to exclusively handle reinsurance for earthquake insurance covering dwelling risks. Since its founding, we have not only sought to promptly make earthquake reinsurance payouts for earthquakes, eruptions, and tsunamis that have occurred in Japan, but also to constantly pay close attention to managing and operating assets for future earthquake reinsurance payouts, focusing primarily on liquidity and safety.

Because of the large-scale monetary easing policy introduced by the government and the Bank of Japan, the yen weakened. Thanks to the weaker yen and a recovery in overseas economies, especially the U.S., exports were strengthening. Capital expenditures are rising moderately, reflecting improving corporate earnings. Although the Japanese economy is weak due to the reaction to the spike in demand before the consumption tax hike, the economy is expected to remain on a moderate recovery trend.

Three years have passed since the Great East Japan Earthquake. Given increasing interest in earthquake insurance, the number of in-force contracts has been increasing nationwide. The household earthquake insurance coverage ratio, which shows the ratio of in-force contracts to the number of households, stood at 28.5% (on a provisional basis) at the end of fiscal 2013. In Miyagi Prefecture, which was affected by the earthquake, the household earthquake insurance coverage ratio has exceeded 50%.

Given the increase in the number of in-force earthquake insurance contracts, the limit of the total amount of insurance claims to be paid for an earthquake was raised from 6.2 trillion yen to 7 trillion yen in April this year, for the first time in two years.

In this environment, under our third medium-term business plan, which has been executed from fiscal 2012, we have steadily implemented initiatives. In particular, we took measures for massive and consecutive earthquakes, as well as strengthening our business continuity plan for a scenario involving an inland earthquake in the Tokyo metropolitan area.

June this year was the 50th anniversary of the Niigata Earthquake, which led to the creation of earthquake insurance. In response to the disaster, the earthquake insurance system and JER were established to contribute to the stable life of victims of disasters. For half a century since then, we have played a role at the time of a number of earthquakes, eruptions, and tsunamis.

January next year will mark the 20th anniversary of the Great Hanshin-Awaji Earthquake. In addition to this big earthquake, fiscal 2014 will see the anniversaries of a number of other earthquakes.

We will continue to take a proactive role in enhancing and improving the system of earthquake insurance covering dwelling risks through the sound operation of the system, aiming to become a company that is completely trusted by our stakeholders. We hope that we can rely on your continued support.

July 2014

Masamichi Irie  
President  
Japan Earthquake Reinsurance Co., Ltd.